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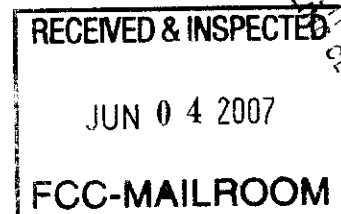
W. Lane Lanford
Executive Director



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Public Utility Commission of Texas

Marlene H. Dortch - Secretary
Federal Communications Commission
445 Twelfth Street, S.W. - TWA 325
Washington, D.C. 20554



Irene Flannery - Vice-President of High Cost and Low Income Divisions
Universal Service Administrative Company
2000 L. Street, NW - Suite 200
Washington, D.C. 20036

May 24, 2007

RE: Federal-State Joint Board on Universal Service, CC Docket No. 96-45

TPUC Project No. 25787 - FCC Letters Regarding ETC Designation Pursuant to FTA '96 § 214(e) (2)

TPUC Docket No. 34066 – Application of State Telephone Texas Corporation for Designation as an Eligible Telecommunications Carrier and Eligible Telecommunications Provider

ETC Designation of State Telephone Texas Corporation

Pursuant to Section 214(e) (2) of the Communications Act of 1934, as amended (the "Act") and 47 C.F.R. sections 54.201 – 54.203, the Texas Public Utility Commission (TPUC) has granted eligible telecommunications carrier (ETC) designation to State Telephone Texas Corporation (State Telephone). The attached *Order No. 3*, Docket No. 34066, issued on May 14, 2007, grants State Telephone ETC designation in various wire centers where AT&T Texas is the incumbent provider, as shown in Exhibit 1 of State Telephone's application. AT&T Texas is a non-rural incumbent local exchange carrier (ILEC).

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If you require any additional information please call Rick Talbot at (512)-936-7257.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Talbot", with a stylized flourish at the end.

Rick Talbot – Policy Analyst

Communication Industry Oversight Division - Texas Public Utility Commission

cc: attachments

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PROJECT NO. 34066

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APPLICATION OF STATE TELEPHONE §
TEXAS CORPORATION FOR §
DESIGNATION AS AN ELIGIBLE §
TELECOMMUNICATIONS CARRIER §
AND ELIGIBLE §
TELECOMMUNICATIONS PROVIDER §

PUBLIC UTILITY COMMISSION
OF TEXAS
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ORDER NO. 3
NOTICE OF APPROVAL FOR DESIGNATION AS
AN ELIGIBLE TELECOMMUNICATIONS CARRIER AND
ELIGIBLE TELECOMMUNICATIONS PROVIDER

Procedural History

On March 30, 2007, State Telephone Texas Corporation (State Telephone) filed a combined application for designation as an eligible telecommunications carrier (ETC) pursuant to 47 U.S.C. § 214(e) and P.U.C. SUBST. R. 26.418, and as an eligible telecommunications provider (ETP) pursuant to P.U.C. SUBST. R. 26.417. State Telephone also requested a waiver of P.U.C. SUBST. R. 26.417(c)(1)(A) so that its ETP application could be processed at the same time as its ETC application. State Telephone seeks ETC and ETP designation in various wire centers where AT&T Texas is the incumbent provider, as shown in Exhibit 1 of its application. AT&T is a non-rural incumbent local exchange carrier (ILEC).

The Commission issued Order No. 1 in this proceeding, which established a procedural schedule, including deadlines for comment, motions to intervene, and publication of notice in the *Texas Register*. Notice was published in the *Texas Register* on April 13, 2007. The Applicant provided a copy of the application to the Office of Public Utility Counsel at the time of filing. Pursuant to P.U.C. SUBST. R. 26.417(f)(2)(A)(i) and 26.418(g)(2)(A)(i), the effective date shall be no earlier than 30 days after the filing date of the application or 30 days after notice is completed, whichever is later. Therefore, the effective date is May 14, 2007.

No objection, comment, or motions to intervene were filed, and no hearing was requested. P.U.C. SUBST. R. 26.417(f)(2)(A) and 23.418(g)(2)(A) provide that applications for ETC/ETP designation may be reviewed administratively.

On May 2, 2007, State Telephone filed an amendment to its application clarifying how it intends to fulfill the requirements of P.U.C. SUBST. R. 26.418(c)(1) and 47 C.F.R. §54.201(d)(1) with a combination of its own facilities and unbundled network elements that it leases from AT&T. On May 8, 2007, Commission Staff (Staff) filed a recommendation for approval of ETC and ETP status for State Telephone based on the following:

Designation as Eligible Telecommunications Carrier

To qualify for ETC status, a carrier must meet four conditions:¹

1. The carrier must be a common carrier, as that term is defined by the Federal Telecommunications Act of 1996 (FTA), Section 3(10).
2. The carrier must offer the following services (requisite services),² using its own facilities or a combination of its own facilities and the resale of another carrier's services:³
 - (a) voice grade access to the public switched network;
 - (b) local usage;
 - (c) dual tone multi frequency signaling or its functional equivalent;
 - (d) single party service or its functional equivalent;
 - (e) access to emergency services, including such services as 911 or enhanced 911;
 - (f) access to operator services;
 - (g) access to interexchange service;
 - (h) access to directory assistance; and
 - (i) toll blocking for qualifying low income customers, and
 - (j) toll control for qualifying low-income customers.
3. The carrier must advertise the availability of and charges for the requisite services in a media of general distribution.⁴
4. The carrier must provide Lifeline and Link Up support, and may not collect a deposit from a customer receiving such support if the customer also elects toll blocking.⁵

¹ 47 C.F.R. § 54.201(b)-(d) (2001).

² 47 C.F.R. § 54.101 (2001).

³ 47 C.F.R. § 54.201 (2001).

⁴ *Id.*

⁵ 47 C.F.R. § 54.405 (2001).

State Telephone meets all of the above criteria. Specifically regarding its offering of services using its own facilities or a combination of its own facilities and the resale of another carrier's services, State Telephone will use local loop and cross-connect Unbundled Network Elements (UNEs), but will use its own or leased softswitches. State Telephone Lifeline and Link-Up tariffs are on file with the Commission.

State Telephone has not requested any waivers of FCC requirements. State Telephone commits to offer toll limitation services in accordance with 47 C.F.R. §§ 54.400 and 54.401.

AT&T Texas serves the exchanges for which State Telephone requests USF support. AT&T Texas is not a rural carrier.

Staff stated that State Telephone meets all of the requirements established by the FCC for designation as an ETC.

Designation as Eligible Telecommunications Provider

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(I) requires carriers applying for ETP status to meet the definition of a local exchange carrier (LEC) as defined in PURA §51.002 (10). State Telephone meets this definition.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(II) requires carriers applying for ETP status to show that they have been granted ETC status for federal universal service support pursuant to U.S.C. §214(e). ETP and ETC designations are being handled concurrently in this consolidated docket.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires carriers to specify the Texas High Cost Universal Service Plan (THCUSP) or small or rural ILEC service area in which they propose to be an ETP. State Telephone specifies AT&T Texas wire centers, which are THCUSP service areas.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) requires Applicants for ETP status to show that they offer the designated services defined in P.U.C. SUBST. R. 26.403 throughout the THCUSP or small and rural ILEC service area for which the carriers seek ETP status. The designated services required for ETP status are:

1. flat rate, single party residential and business local exchange telephone service, including primary directory listings;
2. tone dialing service;
3. access to operator services;
4. access to directory assistance services;
5. access to 911 service when provided by local authority;
6. dual party relay service;
7. ability to report service problems seven days a week;
8. availability of annual local directory;
9. access to toll services; and
10. lifeline and link up services.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(III) also requires applicants to assume the obligation to provide the services required under P.U.C. SUBST. R. 26.403 to any customer. State Telephone states that it meets and assumes the responsibility to offer the basic services defined in P.U.C. SUBST. R. 26.403 to all customers throughout the areas for which it seeks ETP designation.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(IV) requires that applicants show they offer the designated services through a means other than total service resale. State Telephone offers services through the use of its facilities and purchased unbundled network elements, and therefore meets this requirement.

P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(V) – (VI) requires applicants to show that they have offered continuous service that meets the quality of service standards in P.U.C. SUBST. R. 26-52 - 26.54, and that they offer Lifeline and Link-Up services in compliance with P.U.C. SUBST. R. 26.412. State Telephone meets these requirements. P.U.C. SUBST. R. 26.417(f)(1)(B)(i)(VII)

requires applicants to advertise the availability of, and charges for, the designated services using media of general distribution. State Telephone commits to meeting this requirement.

State Telephone has also committed to offering the required designated services at a rate not to exceed 150 percent of the ILEC's tariffed rate in the same designated areas pursuant to the requirements of P.U.C. SUBST. R. 26.417(c)(1)(B).

Staff stated that State Telephone meets the requirements established by P.U.C. SUBST. R. 26.417 for designation as an ETP.

Ordering Paragraph

In accordance with Staff's recommendation and for all the reasons stated therein, State Telephone's application for ETC and ETP designation is **APPROVED**, as amended, effective May 14, 2007.

SIGNED AT AUSTIN, TEXAS the 14th day of May 2007.

PUBLIC UTILITY COMMISSION OF TEXAS



**ANDREW KANG
ADMINISTRATIVE LAW JUDGE**

